

Reserves

In FY90, City Council created the **Equipment Replacement Reserve** and **Emergency Reserve** by adoption of the FY90 Budget Ordinance (Ordinance 1989-22). Both of these reserves are also specifically referenced in Section 904 of a Revised City Charter that became effective November 1989.

The **Equipment Replacement Reserve** is a reservation of fund balance for replacement of major pieces of City equipment whose cost is greater than .5% of annual City revenues.

The **Emergency Reserve** is a reservation of fund balance, designated solely for emergencies that may arise. In March 1995, the City Council adopted a Charter amendment that changed the Emergency Reserve allocation from 8.5% of annual revenues to a minimum of \$250,000, with increases in the Reserve tied to increases in the annual Consumer Price index.

Interest earnings on both of the above reserves are credited to those reserves.

Equipment Replacement Reserve Fund

Explanation of Fund

The Equipment Replacement Reserve was first established for the FY90 Budget Year by Ordinance 1989-22, and then established by Charter Amendment (effective November, 1989), to provide a mechanism to annually save for the replacement of capital items that are exceptionally costly and/or which are purchased relatively infrequently so that, at the time the item is scheduled for replacement, adequate funds are available to purchase the item. Council "endowed" the beginning balance of the Reserve with \$287,019 for FY90.

The criteria required inclusion of items in the Equipment Replacement Reserve are those items with a present cost of .5% of budgeted revenue. Inclusion of lesser value items is optional. The annual contribution to this Reserve was appropriated at \$66,349 for the first year. Funds not required to meet current obligations are invested. Interest earned on this reserve accrue to the reserve annually.

Recent Fund History

Recent contributions to this Reserve have been:

FY93	\$ 67,687	General fund contribution
FY94	\$ 67,687	General fund contribution
FY95	\$ 72,798	General fund contribution
FY96	\$570,340	One time reallocation from the Emergency Reserve, significantly increasing the number of items which can be covered by this reserve
FY97	0	FY96 reallocation from Emergency Reserve is sufficient for FY97
FY98-FY99	0	
FY00-FY02	\$80,000	General fund contribution per year
FY03	\$100,000	General fund contribution
FY04	0	

Policies

Capital equipment and building components with an original cost of at least 0.50% of the total revenues in the annual City budget, without any restriction on the estimated useful life, must be covered by the Equipment Replacement Reserve; items costing less than .5% of budgeted revenue may be included in the fund.

In establishing the Equipment Replacement Reserve, an estimate of the total **consumed** value of each item (based on years of useful life in service, including 1989, and the 1989 estimated replacement value) was allocated from the existing unreserved fund balances for FY90.

Each year, starting with 1990, additional (appropriated) funds are placed into the Equipment Replacement Reserve as follows:

- For equipment in service in 1989, the amount of the 1989 replacement cost was divided by the useful life of the item and that figure was used for the FY90 reserve appropriation;
- For equipment purchased in FY91 and beyond, the actual cost was divided by the useful life of the item;
- For all equipment, annual payments will be made to the reserve for as many years as the estimated life of the item, regardless of when it is actually replaced (except that if the item is replaced prior to the end of its useful life, no additional payments will be made).
- Interest on the Equipment Replacement Reserve will accumulate in the Reserve to offset increases in replacement cost of equipment.
- The revenue source for replacement of items covered by the Equipment Replacement Reserve shall be the reserve, no general tax revenues nor other sources of funds. If replacement costs are exceptionally high compared to original cost, if replacement also includes significant enhancement of the equipment, funds from other sources (primarily general tax revenues) may be necessary to supplement the amount in the Equipment Replacement Reserve.
- When Reserve equipment is replaced and the item costs less than the funds accrued for it, the actual cost will be debited from the Reserve (any balance may be reallocated back to the fund as part of the annual contribution to the fund).

The FY05 Equipment Replacement Reserve table is included on the following pages. There are no planned purchases in FY05.

Proposed FY05 Budget: Reserves

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Projected Interest Rate

5.00%

EQUIPMENT REPLACEMENT RESERVE - DRAFT FY 05 Budget

Inflation Factor

3.00%

Projected Interest Rate

5.00%

Adjusted Replacement Year/Status	Description Item	Most Recent Purchase			Future Replacement		Beginning Balance	Annual Contribution	(-)/(+) roj. Interest	Other Allocations	Net	Proj. Interest	Reserve	
		Acquisition	Total	Life	Year-FY	Cost					Current Yr Contrib.		Est Funds Expended	Ending Balance
		Cost	Yr.											
ON HOLD:														
from FY98	PW Locker Roof	12,000		15	2000	12,000	15,745	0			0	787		16,532
from FY99	Roll Off Retrofit	25,000		10	2000	25,000	28,613	0			0	1,431		30,044
	dump truck - #186	27,000	1993	8	2001	36,300	36,300	0			0	1,815		36,300
Hold	Boiler - Public Works	35,000	1989	13	2002	25,000	13,497	0			0	675		14,172
For FY06														
	Trash Truck #154	97,656	1988	18	2006	125,000	125,000	0			0	0		125,000
	boiler - Admin	25,000	1975	31	2006	60,000	18,818	14,405			14,405	941		34,164
	Recreation van	17,000	1995	11	2006	27,000	8,831	10,000			10,000	442		19,273
	Pickup truck #183	16,000	1993	13	2006	23,497	15,624	5,595			5,595	781		22,000
	Dump truck-small #102	25,930	1996	10	2006	34,848	4,952	10,000			10,000	248		15,200
	leaf vacuum #1004	12,500	1997	9	2006	17,500	905	10,000			10,000	45		10,950
For FY07														
	Library carpet - public	16,000	1990	17	2007	26,446	6,784	10,000			10,000	339		17,123
	dump truck - small #165	30,322	1997	10	2007	40,750	905	10,000			10,000	45		10,950
	Leaf Grinder	89,988	1997	10	2007	120,936	59,530	10,000			10,000	2,977		72,507
	leaf vacuum #1005	13,595	1997	10	2007	18,000	905	10,000			10,000	45		10,950
	Pickup truck #100	16,862	1996	11	2007	23,341	4,602	10,000			10,000	230		14,832
For FY08														
	Pickup truck #116	22,764	1996	12	2008	32,456	5,359	0			0	268		5,627
	dump truck - small #166	30,322	1997	11	2008	41,973	905	0			0	45		950
	Leaf vacuum #1008	13,595	1998	10	2008	18,271	(9,831)	0			0			(9,831)
	Backhoe	72,230	1999	9	2008	94,244	(45,553)	0			0			(45,553)
For FY09														
	Building roofs-Admin	110,000	1989	20	2009	175,000	8,867	0			0	443		9,310
	Leaf vacuum #1019	14,200	1999	10	2009	19,000	(1,953)	0			0			(1,953)
	Dump truck - #153	27,000	1999	10	2009	36,286	2,465	0			0	123		2,588
	Pick-Up Truck #172	16,871	1999	10	2009	22,673	14,607	0			0	730		15,337
For FY10														
	Leaf vacuum #1020	14,200	2000	10	2010	19,084	905	0			0	45		950
	PW Admin/Parks roofs	30,000	1989	21	2010	55,809	18,104	0			0	905		19,009
	Replace Recycling Truck	135,186	2000	10	2010	181,679	0	0			0	0		0

Proposed FY05 Budget: Reserves

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Projected Interest Rate

5.00%

For FY11													
	Pickup truck #171	21,432	2000	11	2011	29,667	7,753	0		0	388		8,141
	Tractor	19,904	1999	12	2011	28,378	(19,155)	0		0			(19,155)
	Leaf vacuum #1021	15,000	2001	10	2011	20,159	905			0	45		950
	Trash Truck #112	121,500	1998	13	2011	178,427	126,303	0		0	6,315		132,618
	Roof-sanitation storage b	22,817	1996	15	2011	35,548	3,453	0		0	173		3,626
	bobcat	22,000	1996	15	2011	34,275	4,389	0		0	219		4,608
For FY12													
	Trash Truck #113	121,500	1998	14	2012	183,780	124,900	0		0	6,245		131,145
	Air handler #1 - Library	25,000	1992	20	2012	45,153	6,572	0		0	329		6,901
For FY13													
	PW Maintenance Bldg.	37,000	1997	16	2013	59,374	11,076	0		0	554		11,630
	NCIC Computer	17,000	2003	10	2013	22,847	291			0	15		306
For FY14													
	PW Locker Roof	12,682	1999	15	2014	19,758	905	0		0	45		950
For FY15													
	emergency generator - /	24,000	1995	20	2015	43,347	4,689	0		0	234		4,923
For FY16													
	Chiller/condnsr - Admin/L	85,800	1996	20	2016	154,964	7,485	0		0	374		7,859
	A/C roof unit - Library	11,000	1996	20	2016	19,867	1,881	0		0	94		1,975
For FY17													
	HVAC controls - Admin/L	60,000	1996	20	2016	40,000	2,710	0		0	136		2,846
For FY18													
	Library Roof	42,082	2003	15	2018	65,562	32,387	0		0	1,619		34,006
	Roll-Off Retrofit	25,000	1999	19	2018	43,838	944	0		0	47		991
	Dump Truck #105	70,250	2003	15	2018	109,447	(200)				0		0
	Dump Truck #145	70,250	2003	15	2018	109,447	0	0		0	0		0
For FY19													
	Elevator	120,000	1999	20	2019	216,733	49,337	0		0	2,467		51,804
	Crackfilling Machine	28,950	2003	15	2018	45,103	0	0		0	0		0
For FY20													
	Telephone System	100,000	2002	18	2020	170,243	0	0		0	0		0
	Police Port. Radios	167,000	2002	18	2020	284,306	0	0		0	0		0
	Police Mobile Radios	90,000	2002	18	2020	153,219	0	0		0	0		0
CARRY OVER ITEMS (+) (-)													
1998	Bond Repayment						(1,211)			0			(1,211)
1998	Library Automation						(58,190)			0			(58,190)
						3,425,535	642,110	\$100,000	0	0	100,000	32,660	773,155
													Balance

04/29

04:29 PM

Note on Carry Over: Deleted Fin. computer upgrade, partitian funding & CNG station, used funds to cover negative CE Ranger and reduce Bond Repayment & Library Automation

4/29/04

Emergency Reserve Fund

Explanation of Fund

The Emergency Reserve was first established by Budget Ordinance 1989-22 and then by Charter Amendment (effective November, 1989) to provide a reserve to cover operating or capital emergencies that could arise. Interest earned on this reserve is credited to the Reserve. Charter Resolution 1995-16, effective for FY96, changed the allocation of the Emergency Reserve to a minimum of \$250,000 with a requirement that the amount of the reserve to be tied to increases in the Consumer Price Index. This Charter amendment changed the previous practice of maintaining the reserve at 8.5% of annual revenues, and allowed \$570,350 to be transferred to the Equipment Replacement Reserve to add equipment items and facility improvements for future years.

Policies

1. Funds may be drawn from this Reserve only upon a finding by the City Council that an emergency exists.
2. "Emergency" is defined as actions necessary for the preservation or protection of property or the health, safety or welfare of persons, or actions necessary to perform essential governmental functions.
3. The Emergency Reserve shall be maintained at a level of \$250,000 plus increases tied to increases in the Consumer Price Index.
4. If necessary, each year beginning with FY91, appropriations to the Emergency Reserve shall be made to maintain the Reserve at the required level.
5. Interest earned on the Reserve is to be credited to the Reserve.

Interest of Fund Earnings

FY94: \$25,602.	FY99: \$ 3,455.	FY04: \$9,800
FY95: \$44,144.	FY00: \$ 6,462.	
FY96: \$ 6,250.	FY01: \$ 8,272.	
FY97: \$ 6,919.	FY02: \$11,360.	
FY98: \$ 2,632.	FY03: \$ 9,451.	